

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Company Registration No. 01671240 (England and Wales)

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

COMPANY INFORMATION

Directors	Mr M D Pilgrim Mr S A Pilgrim
Company number	01671240
Registered office	Commercial House New Chester Road Tranmere Birkenhead CH41 9BP
Auditor	DSG Castle Chambers 43 Castle Street Liverpool L2 9TL

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

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BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present the strategic report for the year ended 30 September 2022.

Principal activities

The principal activity of the company and group continued to be that of a builder's merchant.

Review of the business

The results for the year and the financial position at the year end were considered satisfactory by the directors.

As shown in the profit and loss account, turnover in the year has increased by 5% from £16.5m to £17.3m as at 30 September 2022. Operating profit and profit before tax has remained consistent at c.£2.7m year on year.

The balance sheet remains strong with net assets of £5.9m compared to £4.2m in 2021. Cash has also increased from £3.1m to £3.9m by 30 September 2022.

See key performance indicators below for further details.

Principal risks and uncertainties

The principal risks and uncertainties facing the company and group are as follows:

Business conditions and the general economy

The profitability of the group and company could be adversely affected by a worsening of general economic conditions in the United Kingdom. Factors such as unemployment, interest rates and inflation could significantly affect the sector. Whilst a short term worsening in the economic conditions in the United Kingdom should not significantly adversely impact profitability, a sustained downturn over a number of years would be likely to lead to reduced profit in this area.

Liquidity risk

The group and company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the group and company has sufficient liquid resources to meet the operating needs of the business.

Credit risk

The group and company monitors credit risk closely and considers that its current policies of credit checks meets its objectives. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Competition

Customer demands are changing and competitive pressure is a continuing risk for the group. Given the potential economic volatility in our markets, we are continuously monitoring trading trends and ways in which to improve the management of our working capital.

Key performance indicators

The directors monitor progress by reference to a number of financial key performance indicators. Performance for the current year, together with comparative data for the previous year, are set out below:

(a) Turnover

Turnover in the year was £17.3m (2021: £16.5m) being a 5% increase in the year. The increase was driven by organic growth across all depots and increasing customer base.

(b) Gross Profit %

This is gross profit expressed as a percentage of turnover. Gross profit % for 2022 was 21.8% (2021: 22.4%). Whilst material costs have been rising, the group has been able to maintain margins by reflecting these in the sales price and via rebates obtained throughout the year.

(c) Operating profit

The operating profit has remained consistent year on year at c.£2.7m. The main reason for this is maintaining gross margin and constantly reviewing and maintaining an appropriate level of overheads.

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Future developments

The group and company is focussed on continuing to grow the business both organically and via acquisition, should the right opportunity arise.

On behalf of the board

Mr M D Pilgrim
Director

30 June 2023

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present their annual report and financial statements for the year ended 30 September 2022.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £52,500. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M D Pilgrim
Mr S A Pilgrim

Auditor

DSG were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the company's principal activity, financial risk management policies and future developments.

On behalf of the board

Mr M D Pilgrim
Director

30 June 2023

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

Qualified Opinion

We have audited the financial statements of Birkenhead Building & Roofing Supplies Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2022 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2022 and of the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

We were appointed as auditors of the company on 23 September 2022 and thus did not observe the counting of the physical inventories at the beginning of the year. We were unable to satisfy ourselves by alternative means concerning stock quantities held at 30 September 2021. Since opening stocks enter into the determination of the financial performance, we were unable to determine whether adjustments might have been necessary in respect of the profit for the year reported in the Statement of Comprehensive Income.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Discussions were held with, and enquiries made of, management and those charged with governance with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the company.

The following laws and regulations were identified as being of significance to the company:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law, Tax and Pensions legislation.
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the company and therefore may have a material effect on the financial statements include compliance with Health and Safety.

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the company complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; testing the appropriateness of entries in the nominal ledger, including journal entries; reviewing transactions around the end of the reporting period; and the performance of analytical procedures to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the company's controls and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters which we are required to address

In the previous accounting period the director of the company took advantage of audit exemption under s477 of the Companies Act. Therefore the prior period financial statements were not subject to audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Laura Leslie BSc ACA (Senior Statutory Auditor)
For and on behalf of DSG

30 June 2023

Chartered Accountants
Statutory Auditor

Castle Chambers
43 Castle Street
Liverpool
L2 9TL

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

		2022	2021
	Notes	£	(as restated) £
Turnover	3	17,273,655	16,456,118
Cost of sales		(13,505,199)	(12,774,948)
Gross profit		3,768,456	3,681,170
Administrative expenses		(1,035,105)	(1,023,372)
Other operating income		1,304	29,614
Operating profit	4	2,734,655	2,687,412
Interest receivable and similar income	7	556	818
Interest payable and similar expenses	8	(5,491)	(3,254)
Profit before taxation		2,729,720	2,684,976
Tax on profit	9	(421,457)	(377,071)
Profit for the financial year	26	2,308,263	2,307,905

Profit for the financial year is all attributable to the owners of the parent company.

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	2022	2021
	£	£
Profit for the year	2,308,263	2,307,905
Other comprehensive income	-	-
Total comprehensive income for the year	<u>2,308,263</u>	<u>2,307,905</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2022

		2022		2021 (as restated)	
	Notes	£	£	£	£
Fixed assets					
Goodwill	11		400,126		450,142
Tangible assets	12		275,753		346,278
			<u>675,879</u>		<u>796,420</u>
Current assets					
Stocks	16	3,230,133		2,756,743	
Debtors	17	1,590,303		1,441,687	
Cash at bank and in hand		3,898,357		3,160,488	
		<u>8,718,793</u>		<u>7,358,918</u>	
Creditors: amounts falling due within one year	18	(3,351,141)		(3,825,129)	
Net current assets			<u>5,367,652</u>		<u>3,533,789</u>
Total assets less current liabilities			<u>6,043,531</u>		<u>4,330,209</u>
Creditors: amounts falling due after more than one year	19		(78,012)		(99,316)
Provisions for liabilities					
Deferred tax liability	22	23,232	(23,232)	31,041	(31,041)
Net assets			<u><u>5,942,287</u></u>		<u><u>4,199,852</u></u>
Capital and reserves					
Called up share capital	25		55		63
Capital redemption reserve	26		(1,939,939)		(1,426,619)
Profit and loss reserves	26		7,882,171		5,626,408
Total equity			<u><u>5,942,287</u></u>		<u><u>4,199,852</u></u>

The financial statements were approved by the board of directors and authorised for issue on 30 June 2023 and are signed on its behalf by:

Mr M D Pilgrim
Director

Company registration number 01671240 (Scotland)

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

COMPANY BALANCE SHEET

AS AT 30 SEPTEMBER 2022

		2022		2021 (as restated)	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		263,638		329,546
Investments	13		1,588,975		1,588,975
			<u>1,852,613</u>		<u>1,918,521</u>
Current assets					
Stocks	16	2,727,694		2,550,196	
Debtors	17	1,842,974		1,333,889	
Cash at bank and in hand		3,808,462		3,121,341	
		<u>8,379,130</u>		<u>7,005,426</u>	
Creditors: amounts falling due within one year	18	(4,968,624)		(5,050,215)	
Net current assets			<u>3,410,506</u>		<u>1,955,211</u>
Total assets less current liabilities			<u>5,263,119</u>		<u>3,873,732</u>
Creditors: amounts falling due after more than one year	19		(51,345)		(62,649)
Provisions for liabilities					
Deferred tax liability	22	20,930		31,041	
		<u>(20,930)</u>		<u>(31,041)</u>	
Net assets			<u>5,190,844</u>		<u>3,780,042</u>
Capital and reserves					
Called up share capital	25		55		63
Capital redemption reserve	26		(1,939,939)		(1,426,619)
Profit and loss reserves	26		7,130,728		5,206,598
Total equity			<u>5,190,844</u>		<u>3,780,042</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,976,630 (2021 - £1,888,096 profit).

The financial statements were approved by the board of directors and authorised for issue on 30 June 2023 and are signed on its behalf by:

Mr M D Pilgrim
Director

Company registration number 01671240 (Scotland)

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2022

		Share capital	Capital redemption reserve	Profit and loss reserves (as restated)	Total
	Notes	£	£	£	£
Balance at 1 October 2020		67	(1,169,959)	3,375,303	2,205,411
Year ended 30 September 2021:					
Profit and total comprehensive income		-	-	2,307,905	2,307,905
Dividends	10	-	-	(56,800)	(56,800)
Redemption of shares	25	(4)	-	-	(4)
Other movements		-	(256,660)	-	(256,660)
Balance at 30 September 2021		63	(1,426,619)	5,626,408	4,199,852
Year ended 30 September 2022:					
Profit and total comprehensive income		-	-	2,308,263	2,308,263
Dividends	10	-	-	(52,500)	(52,500)
Redemption of shares	25	(8)	-	-	(8)
Other movements		-	(513,320)	-	(513,320)
Balance at 30 September 2022		55	(1,939,939)	7,882,171	5,942,287

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 October 2020		67	(1,169,959)	3,375,302	2,205,410
Year ended 30 September 2021:					
Profit and total comprehensive income for the year		-	-	1,888,096	1,888,096
Dividends	10	-	-	(56,800)	(56,800)
Redemption of shares	25	(4)	-	-	(4)
Other movements		-	(256,660)	-	(256,660)
Balance at 30 September 2021		63	(1,426,619)	5,206,598	3,780,042
Year ended 30 September 2022:					
Profit and total comprehensive income		-	-	1,976,630	1,976,630
Dividends	10	-	-	(52,500)	(52,500)
Redemption of shares	25	(8)	-	-	(8)
Other movements		-	(513,320)	-	(513,320)
Balance at 30 September 2022		55	(1,939,939)	7,130,728	5,190,844

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	30	1,800,167		1,778,464	
Interest paid		(5,491)		(3,254)	
Income taxes paid		(466,911)		(355,813)	
Net cash inflow from operating activities		1,327,765		1,419,397	
Investing activities					
Purchase of tangible fixed assets		(38,532)		(133,445)	
Proceeds from disposal of tangible fixed assets		6,000		-	
Interest received		556		818	
Net cash used in investing activities		(31,976)		(132,627)	
Financing activities					
Redemption of shares		(513,328)		(256,664)	
Repayment of bank loans		(20,000)		(6,666)	
Payment of finance leases obligations		(21,437)		(51,448)	
Dividends paid to equity shareholders		(52,500)		(56,800)	
Net cash used in financing activities		(607,265)		(371,578)	
Net increase in cash and cash equivalents		688,524		915,192	
Cash and cash equivalents at beginning of year		2,938,298		2,023,106	
Cash and cash equivalents at end of year		3,626,822		2,938,298	
Relating to:					
Cash at bank and in hand		3,898,357		3,160,488	
Bank overdrafts included in creditors payable within one year		(271,535)		(222,190)	

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

Company information

Birkenhead Building & Roofing Supplies Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is .

The group consists of Birkenhead Building & Roofing Supplies Limited and all of its subsidiaries.

The principal activity of the company and the group is disclosed in the Strategic Report.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Birkenhead Building & Roofing Supplies Limited together with all entities controlled by the parent company (its subsidiaries).

All financial statements are made up to 30 September 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1.4 Going concern

The accounts have been prepared on a going concern basis. The group generated a pre-tax profit for the year of £2,729,720 (2021: £2,684,976) and has net assets of £5,942,287 (2021: £4,199,852) at 30 September 2022, together with cash reserves of £3,898,357.

Preparation of accounts on a going concern basis assumes that the group and company will have sufficient funds to continue to pay its debts as and when they fall due and thus continue to trade. The director has taken into account the current economic uncertainty and effects on consumer confidence and they have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future.

Thus the directors continue to adopt the going concern basis in preparing the financial statements.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Leasehold land and buildings	10% straight line
Leasehold improvements	10% straight line
Plant and equipment	15% straight line
Fixtures and fittings	15% straight line
Computers	33% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Sale of goods	17,273,655	16,456,118
	<u>17,273,655</u>	<u>16,456,118</u>
	2022 £	2021 £
Turnover analysed by geographical market		
	17,273,655	16,456,118
	<u>17,273,655</u>	<u>16,456,118</u>

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

3 Turnover and other revenue (Continued)

	2022	2021
	£	£
Other revenue		
Interest income	556	818
Grants received	1,304	29,614
	<u> </u>	<u> </u>

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(1,304)	(29,614)
Depreciation of owned tangible fixed assets	104,517	116,524
Profit on disposal of tangible fixed assets	(1,460)	-
Amortisation of intangible assets	50,016	50,016
Operating lease charges	40,000	40,000
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	18,500	-
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
40	41	34	33
<u> </u>	<u> </u>	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	1,021,238	947,503	871,332	815,575
Social security costs	93,054	75,641	79,071	64,703
Pension costs	16,590	175,435	13,296	172,678
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,130,882	1,198,579	963,699	1,052,956
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

7 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	556	746
Interest receivable from group companies	-	72
	<u>556</u>	<u>818</u>
Total income	<u>556</u>	<u>818</u>

8 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	2,102	404
Other interest on financial liabilities	-	404
Interest on finance leases and hire purchase contracts	1,019	2,446
Other interest	2,370	-
	<u>5,491</u>	<u>3,254</u>
Total finance costs	<u>5,491</u>	<u>3,254</u>

9 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	478,768	452,355
Adjustments in respect of prior periods	(49,502)	(81,045)
	<u>429,266</u>	<u>371,310</u>
Total current tax	<u>429,266</u>	<u>371,310</u>
Deferred tax		
Origination and reversal of timing differences	(7,809)	5,761
	<u>(7,809)</u>	<u>5,761</u>
Total tax charge	<u>421,457</u>	<u>377,071</u>

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	2,729,720	2,684,976
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	518,647	510,145
Tax effect of expenses that are not deductible in determining taxable profit	17,791	10,510
Research and development tax credit	(57,670)	(67,940)
Under/(over) provided in prior years	(49,502)	(81,405)
Deferred tax movement	(7,809)	5,761
Taxation charge	421,457	377,071

10 Dividends

	2022 £	2021 £
Recognised as distributions to equity holders:		
Interim paid	52,500	56,800

11 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 October 2021 and 30 September 2022	1,080,658
Amortisation and impairment	
At 1 October 2021	630,516
Amortisation charged for the year	50,016
At 30 September 2022	680,532
Carrying amount	
At 30 September 2022	400,126
At 30 September 2021	450,142

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

11	Intangible fixed assets	(Continued)
	Company	Goodwill
		£
	Cost	
	At 1 October 2021 and 30 September 2022	580,500
		<hr/>
	Amortisation and impairment	
	At 1 October 2021 and 30 September 2022	580,500
		<hr/>
	Carrying amount	
	At 30 September 2022	-
		<hr/>
	At 30 September 2021	-
		<hr/>

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2022**

12 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£	£	£
Cost								
At 1 October 2021	178,694	88,993	142,788	289,267	18,813	148,755	1,092,513	1,959,823
Additions	-	-	-	35,415	-	3,117	-	38,532
Disposals	-	-	-	(11,350)	-	-	-	(11,350)
At 30 September 2022	178,694	88,993	142,788	313,332	18,813	151,872	1,092,513	1,987,005
Depreciation and impairment								
At 1 October 2021	38,076	88,992	142,787	227,946	13,839	147,934	953,971	1,613,545
Depreciation charged in the year	3,173	-	-	17,408	1,285	1,831	80,820	104,517
Eliminated in respect of disposals	-	-	-	(6,810)	-	-	-	(6,810)
At 30 September 2022	41,249	88,992	142,787	238,544	15,124	149,765	1,034,791	1,711,252
Carrying amount								
At 30 September 2022	137,445	1	1	74,788	3,689	2,107	57,722	275,753
At 30 September 2021	140,618	1	1	61,321	4,974	821	138,542	346,278

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2022**

12 Tangible fixed assets		(Continued)									
Company	Freehold land and buildings	Leasehold land and buildings	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total			
Cost	£	£	£	£	£	£	£	£	£	£	£
At 1 October 2021	178,694	88,993	142,788	289,267	18,594	135,686	1,046,563	1,900,585			
Additions	-	-	-	35,415	-	3,117	-	38,532			
Disposals	-	-	-	(11,350)	-	-	-	(11,350)			
At 30 September 2022	178,694	88,993	142,788	313,332	18,594	138,803	1,046,563	1,927,767			
Depreciation and impairment											
At 1 October 2021	38,076	88,992	142,787	227,946	13,717	134,868	924,653	1,571,039			
Depreciation charged in the year	3,173	-	-	17,408	1,263	1,831	76,225	99,900			
Eliminated in respect of disposals	-	-	-	(6,810)	-	-	-	(6,810)			
At 30 September 2022	41,249	88,992	142,787	238,544	14,980	136,699	1,000,878	1,664,129			
Carrying amount											
At 30 September 2022	137,445	1	1	74,788	3,614	2,104	45,685	263,638			
At 30 September 2021	140,618	1	1	61,321	4,877	818	121,910	329,546			

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

12 Tangible fixed assets (Continued)

Included in cost of land and buildings is freehold land of £20,000 (2021: £20,000) which is not depreciated.

13 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	14	-	-	1,588,975	1,588,975
Movements in fixed asset investments					
Company					Shares in subsidiaries £
Cost or valuation					
At 1 October 2021 and 30 September 2022					1,588,975
Carrying amount					
At 30 September 2022					1,588,975
At 30 September 2021					1,588,975

14 Subsidiaries

Details of the company's subsidiaries at 30 September 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Neston Building Supplies Limited	Enterprise House, Bromborough, Wirral, CH62 4UE	Builder's merchants	Ordinary	100.00

15 Financial instruments

	Group 2022 £	2021 £	Company 2022 £	2021 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,761,792	1,330,630	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	2,663,132	3,213,527	n/a	n/a

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

16 Stocks

	Group 2022	2021 (as restated)	Company 2022	2021 (as restated)
	£	£	£	£
Finished goods and goods for resale	3,230,133	2,756,743	2,727,694	2,550,196

17 Debtors

	Group 2022	2021 (as restated)	Company 2022	2021 (as restated)
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,091,317	1,011,634	1,021,735	856,443
Corporation tax recoverable	118,360	84,565	115,342	81,547
Other debtors	340,962	318,996	340,962	318,775
Prepayments and accrued income	39,664	26,492	364,935	77,124
	1,590,303	1,441,687	1,842,974	1,333,889

18 Creditors: amounts falling due within one year

		Group 2022	2021 (as restated)	Company 2022	2021 (as restated)
	Notes	£	£	£	£
Bank loans and overdrafts	20	291,535	242,190	281,535	232,190
Obligations under finance leases	21	-	21,437	-	21,437
Trade creditors		1,763,064	1,813,886	1,670,269	1,659,068
Amounts owed to group undertakings		-	-	1,854,923	1,537,675
Corporation tax payable		90,633	94,483	-	-
Other taxation and social security		649,406	589,149	611,887	546,548
Government grants	23	1,304	1,304	1,304	1,304
Other creditors		502,191	1,018,038	501,527	1,017,374
Accruals and deferred income		53,008	44,642	47,179	34,619
		3,351,141	3,825,129	4,968,624	5,050,215

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

19 Creditors: amounts falling due after more than one year

		Group 2022	2021 (as restated)	Company 2022	2021 (as restated)
	Notes	£	£	£	£
Bank loans and overdrafts	20	53,334	73,334	26,667	36,667
Government grants	23	24,678	25,982	24,678	25,982
		<u>78,012</u>	<u>99,316</u>	<u>51,345</u>	<u>62,649</u>

20 Loans and overdrafts

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Bank loans	73,334	93,334	36,667	46,667
Bank overdrafts	271,535	222,190	271,535	222,190
	<u>344,869</u>	<u>315,524</u>	<u>308,202</u>	<u>268,857</u>
Payable within one year	291,535	242,190	281,535	232,190
Payable after one year	53,334	73,334	26,667	36,667

Each company in the group took a £50k bounce back loan. Monthly repayments are being made of £833.33 on each loan and the loan repayment date is anticipated to be May 2026.

21 Finance lease obligations

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	-	21,437	-	21,437

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3-5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £
Group		
Accelerated capital allowances	23,232	31,041
	<u>23,232</u>	<u>31,041</u>
	Liabilities 2022 £	Liabilities 2021 £
Company		
Accelerated capital allowances	20,930	31,041
	<u>20,930</u>	<u>31,041</u>
	Group 2022 £	Company 2022 £
Movements in the year:		
Liability at 1 October 2021	31,041	31,041
Credit to profit or loss	(7,809)	(10,111)
	<u>23,232</u>	<u>20,930</u>
Liability at 30 September 2022	<u>23,232</u>	<u>20,930</u>

The deferred tax liability set out above is expected to reverse within 12-24 months and relates to accelerated capital allowances that are expected to mature within the same period.

23 Government grants

	Group 2022 £	2021 £	Company 2022 £	2021 £
Arising from government grants	25,982	27,286	25,982	27,286
	<u>25,982</u>	<u>27,286</u>	<u>25,982</u>	<u>27,286</u>
Deferred income is included in the financial statements as follows:				
Current liabilities	1,304	1,304	1,304	1,304
Non-current liabilities	24,678	25,982	24,678	25,982
	<u>25,982</u>	<u>27,286</u>	<u>25,982</u>	<u>27,286</u>

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

24 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	16,590	175,435

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share capital

Group and company	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of 50p each	110	126	55	63

During the period, 16 Ordinary shares at a nominal value of £0.5p were purchased back by the Company, for a premium of £513,320.

26 Reserves

Profit and loss reserves

The profit and loss reserve represents cumulative profits or losses net of dividends and other adjustments.

Capital redemption reserve

The capital redemption reserve relates to own shares arising in the connection of shares which have been bought or sold by employees and/or directors of the company.

27 Related party transactions

Birkenhead Building & Roofing Supplies Limited rents its premises from Pilgrim Retirement Death Benefit Scheme; of which the Directors are trustees. Rent incurred in the year was £118,000 (2021: £118,000).

Neston Building Supplies Limited rents its premises from a company with common shareholders and directors. Rent incurred in the year was £40,000 (2021: £40,000).

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

28 Prior year restatement

In the previous year the companies took advantage of the audit exemption under s477 of the Companies Act. As part of the 2022 audit, an opening balance review was undertaken of the 2021 results and the following was identified:

- Rebates were not being recorded on an accruals basis. As such, an accrual has been made for rebates of £318,775, which is recorded within other debtors with a corresponding amount recorded within cost of sales, as at 30 September 2021;
- Stock was overstated by £344,631 as such stock has been reduced on balance sheet with a corresponding amount recorded within cost of sales, as at 30 September 2021;
- Director loan accounts balances have been re-classified from > 1 year to < 1 year within creditors. This balance as at 30 September 2021 was £1,013,827 and is disclosed within other creditors;
- Intercompany balances in the Company only accounts were re-classified from > 1 year to < 1 year within creditors. This balance as at 30 September 2021 was £1,537,675.

The profit and loss and balance sheet along with any corresponding notes in the financial statements have been updated accordingly. The overall impact of the above amendments was to decrease underlying profit by £25,856.

29 Controlling party

There is no one ultimate controlling party.

30 Cash generated from group operations

	2022 £	2021 £
Profit for the year after tax	2,308,263	2,307,905
Adjustments for:		
Taxation charged	421,457	377,071
Finance costs	5,491	3,254
Investment income	(556)	(818)
Gain on disposal of tangible fixed assets	(1,460)	-
Amortisation and impairment of intangible assets	50,016	50,016
Depreciation and impairment of tangible fixed assets	104,517	116,524
Movements in working capital:		
Increase in stocks	(473,390)	(476,653)
Increase in debtors	(114,821)	(430,570)
Decrease in creditors	(498,046)	(195,551)
(Decrease)/increase in deferred income	(1,304)	27,286
Cash generated from operations	1,800,167	1,778,464

BIRKENHEAD BUILDING & ROOFING SUPPLIES LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

31 Analysis of changes in net funds - group

	1 October 2021	Cash flows	30 September 2022
	£	£	£
Cash at bank and in hand	3,160,488	737,869	3,898,357
Bank overdrafts	(222,190)	(49,345)	(271,535)
	<u>2,938,298</u>	<u>688,524</u>	<u>3,626,822</u>
Borrowings excluding overdrafts	(93,334)	20,000	(73,334)
Obligations under finance leases	(21,437)	21,437	-
	<u>2,823,527</u>	<u>729,961</u>	<u>3,553,488</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.